

Message Text

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TO AMEMBASSY NEW DELHI

INFO AMCONSUL BOMBAY

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E.O. 11652: N/A

TAGS: APUB, IN

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO INDIA

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS 16 MILLION TO AIR-INDIA OF BOMBAY. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, FRIDAY, MARCH 21, 1975.

QUOTE: EXIMBANK CREDIT OF DOLS 16 MILLION SUPPORTS DOLS 40 MILLION SALE OF U. S. JET AIRCRAFT TO INDIAN AIRLINE COMPANY

TO SUPPORT A DOLS 40 MILLION SALE OF ONE BOEING 747 JET AIRCRAFT WITH RELATED EQUIPMENT AND SERVICES TO AIR-INDIA OF BOMBAY, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF DOLS 16 MILLION TO FINANCE 40 PERCENT OF THE TOTAL U.S. COSTS ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. A CREDIT OF DOLS 20
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MILLION FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE 50

PERCENT OF THE U.S. COSTS. THE OBLIGOR, AIR-INDIA, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10 PERCENT OR DOLS 4 MILLION. AIR-INDIA BEGAN ITS INTERNATIONAL AIR TRANSPORT SERVICE IN 1958 AND WAS NATIONALIZED BY THE GOVERNMENT OF INDIA IN 1953.

THE BOEING COMPANY OF SEATTLE, WASHINGTON, IS EXPECTED TO MAKE DELIVERY OF THE AIRCRAFT IN DECEMBER 1975.

THE LOANS ARE TO BE REPAYED IN 20 SEMIANNUAL INSTALLMENTS BEGINNING NO LATER THAN JUNE 30, 1976. EXIMBANK'S DIRECT CREDIT OF DOLS 16 MILLION WILL BE REPAYED OUT OF THE LAST 9 INSTALLMENTS AT AN INTERST RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTERST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 9.47 PERCENT OT 9,72 PERCENT PER ANNUM. REPAYMENT OF EXIMBANK'S LOAN IS TO BE GUARANTEED BY THE GOVERNMENT OF INDIA. UNQUOTE
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